

# VHRI Advisory Council: Status Report

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# VHRI MEETINGS/TOPIC SCHEDULE

- May 3, 2012:
  - Topic: Essential Health Benefits
  
- May 24, 2012
  - Topic: Virginia's Business Model for Exchange
  
- June 13, 2012
  - Topic: Small Business Health Options Program (SHOP)/Brokers and Navigators

# Notable Achievements in 2012

- **Creation of the Virginia Center for Health Innovation**
- **Expansion of the Capacity of Health Care Providers**
  - Nurse Practitioners: HB346 (O'Bannon)
  - Dental Hygienists/Licensure for Dental Faculty: SB146 (Puckett); HB344 (O'Bannon)/SB384 (McEachin)
- **Expansion Health Care Information and Technology**
  - All Payers Claims Database: HB343 (O'Bannon)/SB135 (Puller)

# Notable Achievements in 2012

## ➤ **Implementation of Medicaid Reform**

- Care Coordination Expansion
- Program Integrity
- Electronic Health Records
- Eligibility System

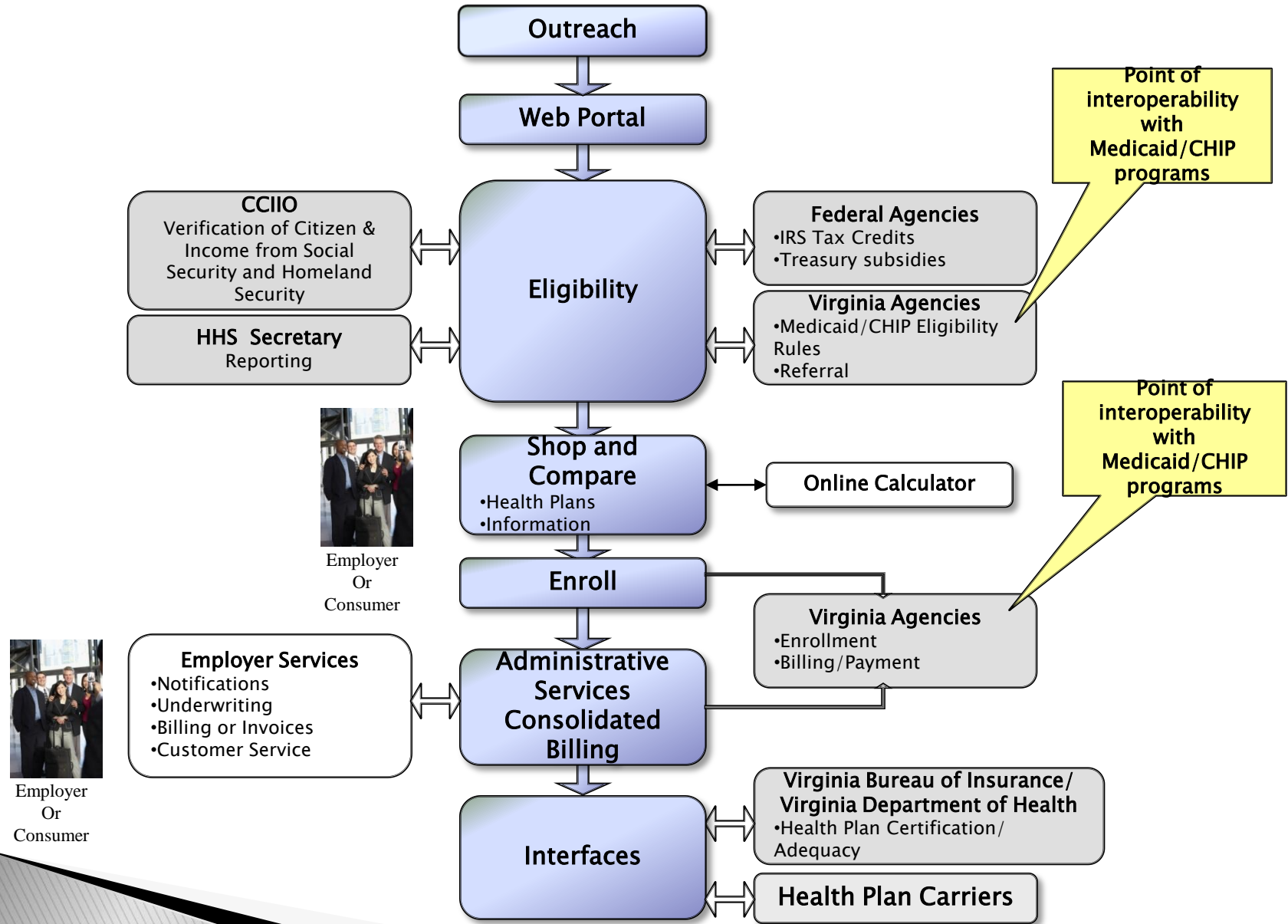
## ➤ **Implementation of Insurance Reform**

- Continue Planning for Exchange

# Health Benefit Exchange Five Core Functions

<b>Eligibility</b>	Accept applications from individuals and small businesses; conduct verifications of applicant information; determine eligibility for enrollment in a Qualified Health Plan and for insurance affordability programs; determine employer and employee eligibility for SHOP enrollment; connect Medicaid and CHIP-eligible applicants to Medicaid and CHIP; and conduct redeterminations and appeals.
<b>Enrollment</b>	Enrollment of consumers into qualified health plans; transactions with Qualified Health Plans and transmission of information necessary to initiate advance payments of the premium tax credit and cost-sharing reductions.
<b>Consumer Assistance</b>	Consumer support assistors; education and outreach; Navigator management; call center operations; website management; and written correspondence with consumers to support eligibility and enrollment.
<b>Plan Management</b>	Plan selection approach (e.g., active purchaser or any willing plan); collection and analysis of plan rate and benefit package information; issuer and QHP certification, monitoring and oversight; ongoing issuer account management; issuer outreach and training; and data collection and analysis for quality.
<b>Financial Management</b>	Premium aggregation for SHOP (option to administer individual consumer premiums); user fees; financial integrity; support of risk adjustment, reinsurance, and risk corridor programs.

# Benefits Exchange Services Concept Diagram – Typical Solution

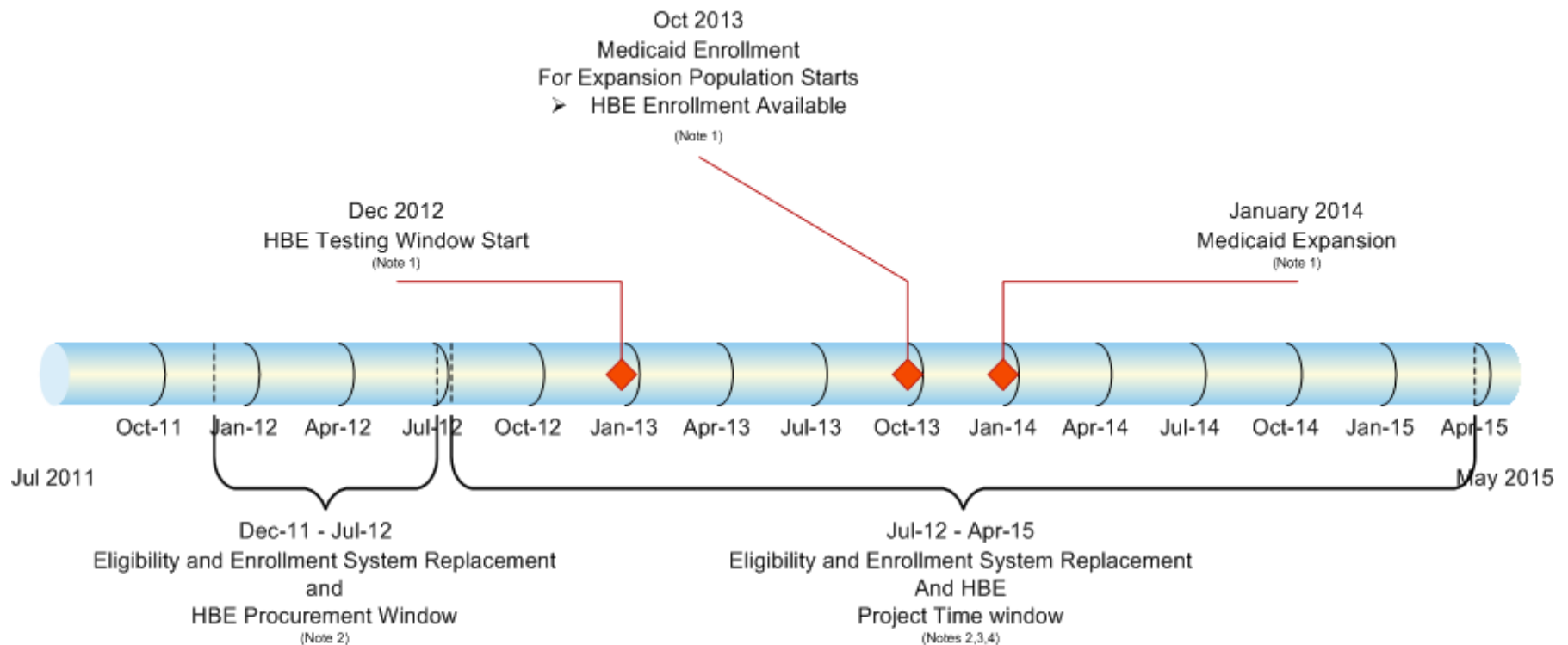


Note: Technology is based on a Service Oriented Architecture (distributed web services) including use of business rules engine

# Exchange Timeline



# Timeline



## Notes:

1. Diamond milestones are federal mandated dates.
2. COV-HIE phases based on current projections.
3. Projects will be using VITA's SOA development, testing, and production environments currently under construction; including Enterprise Data Management.
4. HBE and Medicaid/CHIP programs are priorities. Full functionality may not initially be available for all social service programs.



# VHRI Advisory Council: Questions and Potential Recommendations for Essential Health Benefits

*May 3, 2012*



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## EHB Questions/Potential Recommendations

1. Given the four options for designating a benchmark plan for determining Essential Health Benefits, which option should Virginia choose? (What would be the advantage of choosing a plan that is different from one of the three largest Small Employer Plans? If a state doesn't choose an option, the largest small employer plan will be designated as the benchmark by the federal government on September 30, 2012.)
  - A. One of the three most popular small group plans
  - B. One of the three most popular state employee plans
  - C. One of the three most popular Federal employee plans
  - D. The most popular HMO plan in the state

## EHB Questions/Potential Recommendations

2. If a., b., or c. is chosen from #1, what criteria should we use to pick the one most likely to promote competition?
  - A. Most popular plan by enrollment
  - B. The plan with the most restrictive limits on services, yielding the lowest actuarial value
  - C. The plan with the most generous limits on services, yielding the highest actuarial value
  - D. The plan as measured by the smallest margin earned by the insurer who offers that product. (Margin = administrative load, or one minus the medical loss ratio on that product. Thus, the competition promoting winner would be the plan that spends the highest percentage of premium dollar on health services, as opposed to insurance services which include profits.)
  - E. Other options

## EHB Questions/Potential Recommendations

3. How will new proposed mandates be considered as they relate to the definition of Essential Health Benefits?
  - A. Follow current methods for considering new mandates, which is through the legislative process; add any new mandates to definition of Essential Health Benefits if a small group plan is used as the benchmark
  - B. Follow current methods for considering new mandates, which is through the legislative process; add any new mandates to definition of Essential Health Benefits regardless of what plan is used as the benchmark
  - C. Evaluate new proposed mandates, but have a separate decision regarding inclusion in Essential Health Benefits
  - D. Other Options

## EHB Questions/Potential Recommendations

4. How will the definition of Essential Health Benefits be updated over time?
  - A. Reconsider all options for defining Essential Benefits on a periodic basis (1, 3, or 5 years)
  - B. Update based on the same general benchmark (small employer, state, federal, or HMO) depending on the decision on Question #1, but with new data
  - C. Other Options

## EHB Questions/Potential Recommendations

5. Should the Essential Health Benefit plan be required to cover state mandated benefits that exceed the federal definition of essential health benefits? (Senate Bill 496 said no).

A. Yes

B. No

## EHB Questions/Potential Recommendations

6. Pediatric oral benefit, which should we choose?

- A. Choose the federal benefit package as the benchmark
- B. Choose the CHIP plan, known as Smiles for Children, as the benchmark

# EHB Questions/Potential Recommendations

**HHS released final rule on Establishment of Exchanges and Qualified Health Plans on March 12, 2012. Pediatric Dental Benefit**

- Specifically, this rule:
  - Applies the same cost-sharing limits and restrictions on annual and lifetime limits to stand-alone dental plans as are applied to qualified health plans\*\*
  - Requires stand-alone dental plans to offer child-only plans in the Exchanges;
  - Requires the Exchange to ensure that participating dental plans have the provider network capacity to offer sufficient access to all eligible children;
  - Requires that stand-alone dental plans comply with all certification standards for qualified health plans except for those related to services other than pediatric oral health care; and
  - Directs the Exchanges to collect rate information on pediatric dental benefits for the purposes of determining advance payments of the premium tax credit.
- \*\* The ACA stipulates that qualified health plans are prohibited from placing lifetime dollar value limits; in 2014 plans are prohibited from yearly limits



# EHB Questions/Potential Recommendations

## Potential Exchange Benchmark Plan Comparison– Pediatric Dental Benefit

	Pediatric Only*	Lifetime Cap*	Yearly Cap*	Prevention covered at 100%**	Ortho	Scope of Benefits
<b>Met Life Standard Dental</b> <i>-Federal Employee Stand Alone Dental Plan</i>	NO	Orthodontics \$1,500 (in-network) \$1,000 (out-of-network)	YES \$1200	YES	YES 50% cost-sharing	Comprehensive
<b>BCBS Standard</b> <i>-Federal Employees Health Benefit Plan</i>	NO	NO	NO	YES	NO Extreme cases of medical necessity	Emergency Dental
<b>Smiles for Children –</b> <i>Virginia's CHIP plan</i>	YES	NO	NO	YES	YES \$3,509.22 case rate maximum	Comprehensive

\*Required by HHS rules

\*\*Required by ACA

Benchmark Plans:

- Met Life Standard = Federal Employees Dental and Vision Insurance Program (FEDVIP) dental plan with the largest national enrollment
- BCBS Standard = Largest national Federal Employee Health Benefit Plan with (limited) Dental
- Virginia CHIP

# EHB Questions/Potential Recommendations

## Cost Comparisons for FEDVIP dental plan and Smiles for Children:

MetLife Standard Dental- child plus one FEDVIP				
Quantity	Service	Cost	Cost-sharing	Out of Pocket Cost
2	Exam & Cleaning	\$300	0%	\$0
1	X-Ray	\$30	0%	\$0
3	Filling	\$300	45%	\$135
1	Panoramic X-Ray	\$100	45%	\$45
1	Maxillary Expansion	\$2,000	50%	\$1,000
2	Sedation	\$100	65%	\$65
<b>Total</b>		<b>\$2,830</b>		<b>\$1,630</b>
<b>Annual Cap</b>		<b>Premium</b>	<b>Total 1 yr out of pocket by family</b>	
\$1,200		\$444	<b>\$2,074</b>	
% of cost paid by family				58%
% of cost w/ premium paid by family				73%

Smiles for Children - child only benefit Virginia CHIP benefit				
Quantity	Service	Cost	Cost-sharing	Out of Pocket Cost
2	Exam & Cleaning	\$300	0%	\$0
1	X-Ray	\$30	0%	\$0
3	Filling	\$300	0%	\$0
1	Panoramic X-Ray	\$100	0%	\$0
1*	Maxillary Expansion	\$2,000	0%	\$0
2	Sedation	\$100	0%	\$0
<b>Total</b>		<b>\$2,830</b>		<b>\$0</b>
<b>Annual Cap</b>		<b>Premium</b>	<b>Total 1 yr out of pocket by family</b>	
\$0		\$0	<b>\$0</b>	
% of cost paid by family				0%
% of cost w/ premium paid by family				0%

\*case rate maximum \$3,509.22